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S E C R E T SECTION 01 OF 02 TAIPEI 000581

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E.O. 12958: DECL: 03/13/2032
TAGS: PGOV PREL MASS MARR TW
SUBJECT: LY SPEAKER WANG JIN-PYNG ON DEFENSE BUDGET,
POLITICS, CHINA

Classified By: AIT Director Stephen M. Young. Reason(s): 1.4 (B/D)

¶1. (S/NOFORN) Summary. During a March 13 meeting with Director Young, LY Speaker Wang Jin-pyng solicited AIT's assistance with the ruling party to break a legislative logjam holding up passage of the 2007 Budget (including arms procurement appropriations), but was told in return that he and the KMT needed to step up to the plate and pass the budget. Wang also sketched out plans to visit Beijing and Washington this spring, as he seeks to burnish his credentials as a presidential candidate. End Summary.

¶2. (S/NOFORN) AIT Director met with Speaker Wang Jin-pyng March 13 at the latter's request. Wang said he wanted to raise three items with AIT. First, he wanted to "notify" the USG that he is planning to travel to mainland China sometime in April. During his visit, Wang expects to meet with PRC President Hu Jintao. He also plans to discuss some concrete issues with the Chinese side involving, for example, cross-strait financial exchange arrangements, further expansion of charter flights and enhanced mainland Chinese tourist visits to Taiwan. He told the Director that he is making arrangements for his visit through his own channels and that his visit is not linked to that of the upcoming visit of KMT honorary Chairman Lien Chan to the mainland. In fact, he indicated that he has been discussing his visit with President Chen who has asked the Mainland Affairs Council to provide support to him. Wang said that his agenda will be limited to concrete economic and business issues and will not touch on political and security issues.

¶3. (S/NOFORN) Secondly, Wang sought the Director's help in breaking the logjam in the LY on the budget and Central Electoral Commission (CEC) issue. He asked that the Director put some "pressure" on the DPP administration to compromise on the CEC issue so that the LY can get the budget passed as well. He noted that this is in the U.S. interest since we wanted to pass the defense budget containing the U.S. arms procurement package. If the stalemate continues, the budget may not be approved by the LY. If so, Wang said, 95 percent of government expenditures will not be affected because they are just continuing items, such as salaries and other normal

budget items. Only new budget provisions, such as the U.S. arms procurement, would be affected.

¶4. (S/NOFORN) Director responded by again highlighting the frustration Taiwan's friends in America feel over all parties' continued inaction on the defense budget. He said there were two items for us, in the following priority: first, pass the budget. We are conveying the same message to all sides, including Premier Su and President Chen. But the KMT has to shoulder a main portion of the responsibility here, and we were counting on Wang to show leadership. Second, we would like to see a supplemental budget covering the PAC-III money previously deleted from the 07 budget, just as soon as possible after March 20th. Then we can move forward on broader defense issues with greater mutual confidence.

¶5. (S/NOFORN) Third, Wang informed the Director that he had received an invitation from former Congressman Curt Weldon to attend a "Voluntary Firefighter" conference in Washington on March 29. He said that he is planning to visit but wanted to get the Director's reaction as to whether this would be a good time for him to go, especially as the defense budget has not yet been passed. Wang said that he expects many other Congressmen to be at the conference and would meet with them.

He also discretely inquired about the possibility and interest of USG officials in meeting with him. While indicating that Wang's visit before the passage of the defense budget may be contentious, the Director said he would let Washington know of Wang's interest and request. The Director remarked that if he goes Wang should expect to get some hard questions from many of the USG officials and Congressmen he meets.

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¶6. (S/NOFORN) Finally, Wang told the Director that he plans to run for the Presidency in 2008. Wang said that he is not going to register in the primaries (which has a deadline of April 2) because the KMT was stacked with mainlanders and he would not have a chance against former party chairman Ma Ying-jeou, even if all the native Taiwanese in the KMT were to vote for Wang. Instead, he said he will look for an appropriate time later this year, perhaps in August or September, to announce his candidacy. He confirmed media reports that he and Ma had both said that they would invite each other to be a running mate if one of them wins the nomination for President. Nonetheless, Wang insisted at the same time that the matter is far from being settled.

¶7. (S/NOFORN) COMMENT: We've always known Wang to be a mercurial politician, but today's meeting still surprised us with the Speaker's audacity. First, after stressing his forceful leadership on the defense budget issue for many months, Wang turned it around on the Greens and acted as though we could somehow cut through the current impasse with a simple appeal to them. As noted above, we didn't let that one stand. Second, it is clear Wang is trying to market himself as a presidential contender with outside parties (Beijing and Washington) in an attempt to perk up his polls back here. We are in touch with the Department to consider how best to respond to Wang's request to visit Washington the end of the month. It will also be interesting to see how Beijing responds to Wang's travel plans.

YOUNG